



December 15, 2014

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Re: MAHP Testimony on HB 5792

Chairman Hune and members of the House Insurance Committee,

Thank you for the opportunity to address the Senate Insurance Committee in regard to HB 5792. My name is Dominick Pallone, and I am the Deputy Director of the Michigan Association of Health Plans (MAHP).

The Michigan Association of Health Plans is a nonprofit corporation established to promote the interests of our 17 member health plans. The mission of the Michigan Association of Health Plans is to “provide leadership for the promotion and advocacy of high quality, affordable, accessible health care for the citizens of Michigan.”

I greatly appreciate the willingness of the Chairman to address the concerns raised by our members and others in the health insurance community. A number of concerns were previously identified as this legislation passed the House, and I urge the committee to adopt the substitute being offered by the Chairman as it reflects a fair and balanced solution to our concerns. Without these critical amendments to the House passed version, we could not support the bill.

Beginning in 2008, via the NAIC, insurance regulators reviewed lessons learned from the financial crisis (with particular emphasis on AIG), and devised plans for revisions to the existing structure of group supervision by maintaining the “walls” and enlarging the “windows.” HB 5792 is intended to be Michigan’s version of the NAIC Model Holding Company Act that was created from this new effort in 2010. The bill before you grants increased access for regulators to internal information from regulated entities with the requirement that the reported information remain confidentially protected.

There may be some people concerned that this Senate Substitute slightly deviates from the exact NAIC model, and that this might cause the language to not be “substantially similar” to that of other states thus risking NAIC accreditation. In anticipation of this argument, I would note that the NAIC “Financial Regulation Standards and Accreditation Program” requires each state’s insurance department to be periodically reviewed by an independent NAIC review team to assess compliance with the NAIC Financial Regulation Standards.



According to the 2014 NAIC accreditation program, "...departments not in compliance will be given guidance by the NAIC to bring them into compliance." Pre-accreditation reviews are conducted one year before the review, and interim reviews of state laws and regulations are conducted annually. Should the NAIC review identify Michigan as non-compliant with NAIC Financial Regulation Standards for any reason, we stand committed to work with the Legislature, the Department, and the NAIC to come into compliance.

Again, thank you for your attention to this important topic. We would respectfully urge the Committee's adoption and passage of the proposed substitute to HB 5792.

Sincerely,

Dominick Pallone
Deputy Director